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# Utah Income Tax Apportionment of Non-resident Wages

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## **59-10-116 Tax on nonresident individual – Calculation – Exemption.**

- (1) . . . a tax is imposed on a nonresident individual in an amount equal to the product of the:
- (a) **nonresident individual's state taxable income**; and
  - (b) percentage listed in Subsection 59-10-104(2).

## **59-10-103 Definitions**

- (2) As used in this chapter:

...

- (w) "Taxable income" or "**state taxable income**":

...

- (ii) for a nonresident individual, is an amount calculated by:

(A) determining the nonresident individual's adjusted gross income for the taxable year, after making the:

(I) additions and subtractions required by Section 59-10-114; and

(II) adjustments required by Section 59-10-115; and

(B) calculating the portion of the **amount determined under Subsection (1)(w)(ii)(A) that is derived from Utah sources in accordance with Section 59-10-117**;

## **59-10-117 State taxable income derived from Utah sources**

...

- (3) **For purposes of Section 59-10-116**, state taxable income derived from Utah sources includes state taxable income attributable to or resulting from:

...

- (b) the carrying on of a business, trade, profession, or occupation in this state;

...

- (4) For purposes of Subsections (1):

...

- (f) if a trade, business, profession, or occupation is carried on partly within and partly without the state, an item of income, gain, loss, or deduction **derived from or connected with Utah sources shall be determined in accordance with Section 59-10-118**;

## **59-10-118 Division of income for tax purposes**

...

- (2) A taxpayer having business income that is taxable both within and without this state, shall allocate and apportion the taxpayer's net income as provided in this section.

...

- (8) **All business income shall be apportioned to this state using the same method, procedures and requirements of Section 59-7-311 through 59-7-320.**

## **Title 59, Chapter 7, Part 3 Allocation and Apportionment of Income – Utah UDITPA Provisions**

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### **Tax Commission Recommendation**

Instead of using corporate UDITPA provisions to apportion the wage income of non-resident individuals between Utah and other states, the commission recommends a statutory change to allow a non-resident individual to allocate wage income proportionately between Utah and other states according to where the income was earned.